



National
Foreign
Assessment
Center

Approved For Release 2006/03/17 : CIA-RDP79T00912A001700010009-2 **Secret**



25X1

HR

Western Europe Review

28 February 1979

State Department review completed

Secret

RP WER 79-009
28 February 1979
Copy

Approved For Release 2006/03/17 : CIA-RDP79T00912A001700010009-2

223

25X1

Approved For Release 2006/03/17 : CIA-RDP79T00912A001700010009-2

Approved For Release 2006/03/17 : CIA-RDP79T00912A001700010009-2

SECRET

25X1

WESTERN EUROPE REVIEW

28 February 1979

CONTENTS

Spain: Close Parliamentary Election

1

25X1

25X1

The race between Prime Minister Suarez's Union of the Democratic Center and Felipe Gonzalez's Socialist Workers Party, which will be decided 1 March, is still too close for detailed predictions; neither is likely to win a majority.

25X6

Turkey: A Look Ahead

. . . 17

25X1

25X1

Turkey's deepening economic and internal security crises are a growing threat to Prime Minister Ecevit's left-of-center government.

25X1

SECRET

[REDACTED]

25X1

[REDACTED]

25X1

Spain: Close Parliamentary Election

[REDACTED]

25X1

The race between Prime Minister Suarez' Union of the Democratic Center (VED) and Felipe Gonzalez' Socialist Workers Party (PSOE), which will be decided on 1 March, is still too close for detailed predictions; neither is likely to win a majority. The serious problems facing Spain in the immediate postelection period make it likely that some form of cooperation--ranging from an informal pact to a full-scale grand coalition--will be worked out between Suarez and Gonzalez.

[REDACTED]

25X1

Despite the best efforts of Spanish political leaders, many voters remain apathetic. The campaign has featured indistinguishable political platforms and exchanges of personal abuse. At stake are 208 seats in the Senate and 350 seats in the more important Congress of Deputies. As the campaign draws to a close, experts continue to predict abstention rates of 30 to 40 percent--a development that seems to favor the disciplined but still small Communist Party over the UCD and the PSOE.*

[REDACTED]

25X1

Voter apathy stems at least in part from the absence of any significant policy differences among the four principal parties, which have all opted for moderation. Opinion polls differ, but the Centrists and the Socialists seem to be running neck and neck among voters who have made up their minds. With over one-third of the electorate still undecided, the election will turn on which party can win most of the essentially Centrist swing vote. One burning question is whether the Centrist voters, who last time turned to the underdog Socialists

*In the election of June 1977 in the lower house, Suarez' Center Democrats won 165 seats with 34 percent of the vote; the Socialists won 118 seats with 29 percent; the Communists won 20 seats with 9 percent; and the rightist Popular Alliance won 16 seats with 8 percent.

[REDACTED]

25X1

28 February 1979

SECRET

in unexpectedly large numbers to register a "safe" wish for a change, are sufficiently disenchanted with the Suarez government to vote again for a Socialist Party that could win this time. [REDACTED]

25X1

Tactics

To break the deadlock, the Socialists and the Centrists have both resorted to playing up their leaders in personal appearances throughout Spain and on television. Suarez has enjoyed an uncontested advantage in national popularity, but in one of the most recent polls Gonzalez moved ahead from 19 to 20 percent, while the Prime Minister dropped from 27 to 19 percent. Lacking policy differences to fight over, they have turned to personal attacks on each other. Gonzalez has called attention to the "Francoist" past of Suarez and other UCD leaders and also charges that the Centrists have not fulfilled many of their promises. Suarez and his colleagues riposte that the Socialists' failure to renounce Marxism* disqualifies them as a governing alternative. The Prime Minister evaded Gonzalez' challenge to a televised debate, saying that Gonzalez would have to earn such an opportunity. [REDACTED]

25X1

The Socialist program is moderately reformist and consistent with European Social Democracy. It is aimed at the non-Marxist "progressive" voters of the swing center-left electorate, and is markedly less radical than the program adopted in 1976 at the last Socialist congress--a credibility gap that Suarez has tirelessly driven home in his campaign speeches. The new program cites only two immediate targets for nationalization. Its moderation repeats the Socialist tactics in the 1977 election, when the party's moderate tone was considered the basis for its unexpectedly strong vote. The program is highly critical of the Centrists' performance, stressing that the only real progress has come through Socialist pressure. Although the Socialists emphasize fighting unemployment rather than the government's number-one target, inflation, their program is crafted so that it does

*Gonzalez has pledged to propose dropping the party's Marxist label at the next Socialist congress due to be held in May. [REDACTED]

25X1

28 February 1979

SECRET

not preclude a coalition with the Centrists if neither party wins a majority. Gonzalez has publicly discounted a "grand coalition," but he has left the door ajar. A Socialist coalition with the Communists, on the other hand, has been ruled out completely. [REDACTED]

25X1

The Communists--who finished a distant third last time--hope to improve from 9 percent to 12 to 13 percent. Party leader Santiago Carrillo has aimed at Socialists who may be disenchanted with Gonzalez' moderate line, calling on them to vote Communist as a way of warning Gonzalez not to turn his party into the "party of Willy Brandt." Carrillo argues that a vote for the Communist Party will make the "inevitable" postelection UCD-PSOE coalition as "progressive" as possible by giving the Communists enough clout to keep the PSOE from moving too far right. The Communist leader also charged the Centrists with representing "the banks, business, and the multinationals" and faulted the Socialists for not having entered the government long ago in order to "represent the workers." According to the Communist blueprint, the election will bring a UCD-PSOE coalition that would have to rely on a side agreement with the Communists in order to control labor. [REDACTED]

25X1

The fourth largest votegetter in 1977--Manuel Fraga's rightist Popular Alliance, which won only 8 percent--has shed more extremist factions and formed a new Democratic Coalition that includes former Foreign Minister Areilza and former Suarez confidant Osorio. The new coalition has been largely ignored by the other major parties, perhaps because it has only made a modest showing in the polls. Its leaders hope to woo the center-right vote from Suarez by charging the governing party with evils ranging from incoherence to "falling into the hands of Social Democrats." The Democratic Coalition's hopes are relatively modest; its leaders reckon that if they can win 25 seats--rightists won 16 seats in 1977--Suarez would have to yield to pressures from the military and from within his own party to form a coalition with them (assuming, of course, that between them they command a majority). [REDACTED]

25X1

28 February 1979

SECRET

Foreign Policy Neglected

Though the elaborate electoral programs of the two major parties include sections on foreign policy, their campaigns have concentrated almost exclusively on the domestic issues of inflation and unemployment, internal security, and the devolution of power to the regions. Even though several parties--most notably the Socialists--have been harshly critical in Parliament of various aspects of the government's foreign policy, party leaders evidently consider that no significant number of votes can be won in this field. [REDACTED]

25X1

On some issues, such as EC membership for Spain, an identity of views exists, and the four major parties even agree in principle that the treaty with the United States should be renewed in 1981--though all stress that this would be subject to negotiation and US "responsiveness" to Spanish needs and desires. Even on the question of NATO membership--the one issue where differences are most evident--no major party leader has tried to score points from the fact that the Centrists and the Democratic Coalition support NATO membership while the Socialists and Communists oppose it. The failure of the parties to debate their respective foreign policy differences will make it more difficult for the winning party to claim a foreign policy mandate. Whoever wins, therefore, Spanish foreign policy will continue to be heavily influenced by domestic political dynamics. [REDACTED]

25X1

Party Prospects

The Socialists have more going for them this time than they did in 1977 when the last election was held:

- They have made progress in convincing the establishment, and even the military, that they are a respectable alternative to the current government.
- The lowering of the voting age to 18 will add some 3 million new voters, most of whom appear strongly leftist in orientation.*

*Many of these new voters have not registered, however, and others will probably abstain. [REDACTED]

25X1

28 February 1979

SECRET

- The merger with the Popular Socialist Party should add most of the PSP's 800,000 votes to the PSOE tally.
- Workers are likely to blame the government for the high rate of unemployment and the 14-per-cent limit on wage increases this year. [REDACTED]

25X1

The Centrists, on the other hand, have the inherent advantages of incumbency--including control of virtually all local governments. They can also look to two recent trends to hurt the left:

- Terrorist acts against police and the military by the Basque separatist ETA and other urban guerrillas will tend to make voters more conservative.
- A series of strikes this month in the field of banking, air transportation, the press, and public health has hurt the man in the street, and the public may take it out on the Socialists and Communists because they are identified with the two major labor unions. [REDACTED]

25X1

The existence of so many potentially off-setting variables together with the high rate of voter indecision and the uncertain reliability of Spanish polls, make predictions problematical. Nevertheless, Suarez' party appears to have a slight edge. The results this time are likely, in fact, to be similar to those of the last election. In the lower house the plurality of Suarez' party will probably be smaller, however, and the votes received by the Socialists may be larger--raising the possibility that the Socialists could win more popular votes while the Centrists, because of the system of electoral distribution,* take more seats. [REDACTED]

25X1

*The system, which for the lower house guarantees each province two deputies with an additional seat for every 144,500 inhabitants or fraction thereof in excess of 70,000, gives disproportionate weight to the conservative rural areas where Suarez is strongest. [REDACTED]

25X1

28 February 1979

SECRET

Any of the likely variants of these results will make governing the country effectively during the next year or two extremely difficult, if not impossible, without some kind of agreement between the two major parties. The pressure for such an agreement will be increased by the magnitude of the problems confronting the country. Most notably, the government must deal with vociferous demands for more regional autonomy--Basque terrorism is only one of the problems. It must also enact enabling legislation for some of the constitution's most controversial articles. Moreover, the dissolution of Parliament last December postponed consideration of the 1979 budget and the government's proposed energy plan for the period through 1987. Other pending bills concern trade relations and fiscal and labor reforms. [REDACTED]

25X1

Outside of Parliament, the government and management must reach an accommodation with the left and the trade unions on wage settlements from 1979. Labor unrest has grown with the failure to renew the "social pact" that carried Spain through 1978 with relatively little labor strife. Terrorism must be fought, and restless security and armed forces must be placated. [REDACTED]

25X1

Coalition Talk

These are not jobs that can be handled adequately by a minority government, even one that had a good chance of attracting enough floating votes on many issues to give it a majority. Many Spaniards are already saying that this election is being held simply to determine who will have the initiative in forming a coalition. [REDACTED]

25X1

The process of forming a coalition will be difficult, however. Suarez has made it clear that even if he is returned with only a plurality, he will form a coalition only as a last resort. Leaders of his party have asserted privately that they can run the show on their own--with floating support--if they get 160 seats. [REDACTED]

25X1

If the rightist Democratic Coalition wins enough seats to give Suarez a majority, he will come under pressure from the military, the financial establishment, and the right wing of his own party to form a coalition with it. Arguments against such a coalition, however,

28 February 1979

SECRET

are compelling: it would tend to radicalize the rank and file in both the leftist parties and the trade unions, polarizing the Spanish political spectrum; agreement within the coalition on economic problems and regional autonomy would be almost impossible; and finally, Suarez and Democratic Coalition leader Fraga detest each other and would find cooperation extremely difficult. [REDACTED]

25X1

Should the Democratic Coalition fail to win enough seats to give Suarez a majority, Suarez would have less trouble persuading his party to try a "grand coalition" with the Socialists. The clearest drawback to such a coalition is that it would leave the leftist opposition--and especially organized labor--entirely to the Communists, who would probably recruit portions of the Socialist Party's already restive left wing. An alliance would also probably increase internal strains within both parties, weakening them and--in the long run--Spanish democracy. [REDACTED]

25X1

Privately, many Socialist leaders consider a grand coalition inevitable. Moderate Socialists favor joining a coalition. They say there is no telling when they will get another chance to participate in the government and the time has come to prove that they can do it. They also argue that their party could not form a single party government even if it won a majority, because Spain simply is not yet ready to be governed by the Left. Moreover, they know that the next government will be making fundamental decisions that will affect the course of Spanish democracy for many years to come. [REDACTED]

25X1

Socialists feel confident that they can neutralize the Communist threat by offering them a side agreement that would bind them to the parliamentary majority. The Communists, who favor a grand coalition, have made it clear that they would accept such an agreement in return for some low-level political office and the prestige of participating in the parliamentary majority. [REDACTED]

25X1

Political Outlook

Should Suarez win more than 160 seats, but less than a majority, he may try to govern alone, using floating majorities or perhaps a pact for parliamentary

28 February 1979

SECRET

support from the rightists. If he can survive until a solution to the regional autonomy problem is worked out, he might then be able to secure a majority by allying with various moderate regional parties. He would, however, find it difficult to settle either the regional issue or the major economic and industrial relations problems without some kind of agreement with the Socialists--and the Socialists might refuse to go along unless they were given Cabinet seats. [REDACTED]

25X1

Should Suarez fall below 160 seats, he will probably have no choice but to come to an agreement with the Socialists, especially if they win the most popular votes. The agreement would probably be limited to a specific time period--or perhaps keyed to last until specific bills were through Parliament. The Communists would be likely to become extragovernmental parties to such an agreement. [REDACTED]

25X1

Should the Socialists win a plurality (or even a majority), they have ruled out a coalition with the Communists and would turn instead to Suarez' party. Suarez has said that he would not participate in a Socialist-led government, but that he would free members of his party to do so. [REDACTED]

25X1

Failure to live up to expectations could cause internal strains for any of the major parties. Loss of power by the Democratic Center would put its cohesiveness to a severe test; the party so far has been held together mainly by the prestige of its leader and the attractions of office. Failure by the Socialists to improve on their strong showing in the last election would encourage party leftists to challenge Felipe Gonzalez' policy of moderation; it could lead the next party congress in May to adopt more radical positions for the Communists, a mediocre showing could also hurt the "Eurocommunist" policies of Santiago Carrillo and produce challenges to his leadership; the Communists, however, consider the municipal elections on 3 April to be a better test of their grass roots strength and they have already begun to campaign on local issues. [REDACTED]

25X1

28 February 1979

SECRET

Economic Outlook

If the Democratic Center returns to power, Spain would probably continue pretty much on the present economic course, although the government would miss some of its 1979 targets--for instance, those for GDP, private investment, the current account, and inflation. Real GDP might grow only 3.5 to 4 percent instead of the planned 4.5 percent, real private investment is more likely to slip further than to rise, the current account could record as much as \$1 billion deficit rather than balance, and the inflation rate is unlikely to decline to 10 percent as projected by the end of the year. [REDACTED]

25X1

A tilt to the left at the polls, followed by leftist pressure for higher wage settlements and more government spending, would change results considerably. Real growth could reach 4.5 percent or more on the strength of increased public and private consumption and public investment. Real private investment would probably fall further, and inflation would accelerate. The current account probably would record a larger deficit than under a Center Democrat government. [REDACTED]

25X1

28 February 1979

25X6

Approved For Release 2006/03/17 : CIA-RDP79T00912A001700010009-2

Next 6 Page(s) In Document Exempt

Approved For Release 2006/03/17 : CIA-RDP79T00912A001700010009-2

SECRET

25X1

25X1

Turkey: A Look Ahead

25X1

Turkey's deepening economic and internal security crises are a growing threat to Prime Minister Ecevit's left-of-center government. Its cohesiveness has been weakened, its elan has faltered, and its popularity is sagging at a time when it must face formidable tests, both in Parliament and without. The approval of the budget by Parliament earlier this week--which was tantamount to a vote of confidence--and of the extension of martial law for another two months will provide a respite for Ecevit before other important questions come up for a vote.

25X1

Extraparliamentary challenges are still looming. The worsening political violence shows no signs of abating despite martial law. Ecevit is unlikely to have much success against it unless he manages to co-opt extremists of both left and right--which is unlikely--or overcomes ideological and political reservations about imposing harsher repression.

25X1

The current economic crisis could be ameliorated by a speedy injection of the significant international economic assistance discussed at Guadeloupe, but such external aid could cause further political trouble for Ecevit if he feels compelled to enact additional austerity measures to secure it.

25X1

Despite Ecevit's tenacity, resourcefulness, and personal popularity, his prospects are therefore far from promising. Meanwhile, the ever watchful military may find cause and opportunity to increase its political role, particularly if violence continues to escalate.

Economic Problems Worsen

The Turkish economy shows no sign of reversing its downward slide. The annual rate of inflation of over 50

28 February 1979

SECRET

percent is still rising, unemployment approaches 20 percent, foreign currency reserves are now almost nonexistent, and industrial production is dropping below 50 percent of capacity for want of necessary imported materials. So far at least, the government has been unwilling to take the additional austerity measures needed to free the third tranche of an International Monetary Fund loan that would encourage private institutions to provide additional debt rescheduling and credits. Although Ankara has managed to reschedule about 60 percent of its short-term debt and has raised nearly \$400 million in new loans, the loans are also in jeopardy if IMF conditions are not met. [REDACTED]

The upheaval in Iran and the ensuing wave of Western concern about Turkey encouraged Turkish leaders to think that political criteria might prevail over economic. Turkish hopes were further raised by the publicity given Turkey at the Guadeloupe summit and the increased activity since then by friends and allies in NATO, the EC, and the Organization for Economic Cooperation and Development in behalf of an international rescue effort. That euphoria has waned, however, as it has become clear that economic performance criteria, particularly agreement with the IMF and a comprehensive economic stabilization program, will be essential for most types of short- and mid-term assistance. [REDACTED]

Ecevit has steadfastly argued that credits must precede rather than follow additional austerity measures, and only recently has he indicated that he could accept a package in which foreign assistance and further belt-tightening measures would be simultaneous. [REDACTED]

Political Violence Persists

Though faint hope remains that the international community will come to the economic rescue in time, the persisting problem of political violence that has taken nearly 1,000 lives in the past 13 months is Turkey's

28 February 1979

problem alone. The martial law that was imposed in 13 of Turkey's 67 provinces two months ago, was a painful step for Ecevit, who had to overcome his personal antipathy toward such repression. Moreover, he knew that the political risks were great; failure by the government to exercise clear control over the military could easily cost him the support of his truculent left wing, outspoken in its opposition to martial law. [REDACTED]

25X1

Two months later, it has become clear that Ecevit's benign version of martial law is not working. After subsiding briefly, the level of violence is approaching its pre-martial law peak of nearly 100 deaths per month. Most of the recent violence seems to have been instigated by the extreme left, historically the main adversary of the military; the far right has been relatively--and perhaps temporarily--quiescent, probably because it believes the military is doing its work. Mass unrest and tensions are continuing in the more volatile eastern provinces, where ideological differences are exacerbated by ethnic and sectarian rivalries--though so far not on the scale of the Maras rioting in late December that brought on martial law. [REDACTED]

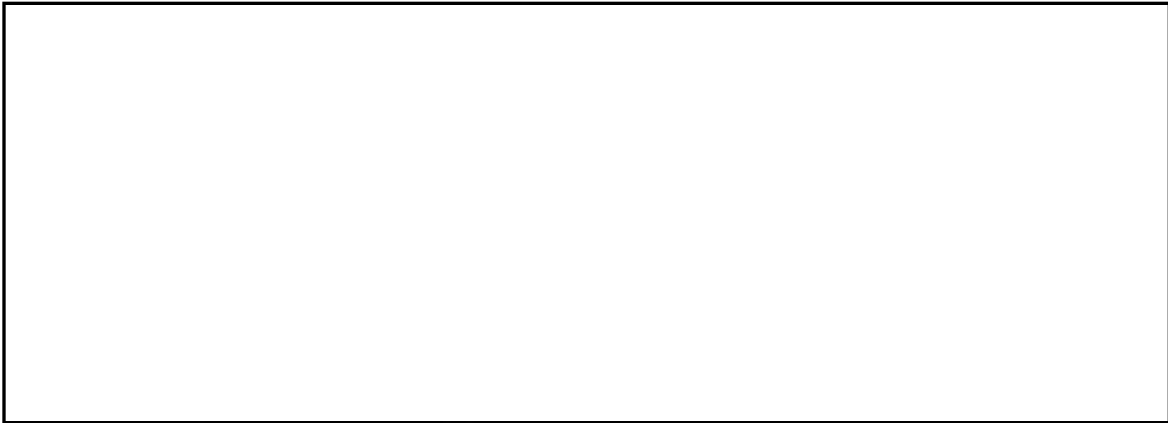
25X1

The pattern of violence suggests, however, that pressures will build to crack down even harder in provinces now under martial law and to extend martial law to other strife-torn regions, which Ecevit so far has resisted. The major surge in political violence recently has been in areas still under civilian jurisdiction, where extremists are finding it easier to ply their trade and where two-thirds of the fatalities have been registered. More ominously, the assassination of Turkey's foremost newspaperman, Abdi Ipekci on 1 February; the killing of a former high police official on 6 February; and a subsequent attempt against a retired general suggest that extremists are now aiming for the Turkish elite. This prospect, far more than the hundreds of deaths in the streets, has brought calls from political, religious, and military leaders for stronger measures and has made the elite more willing to consider alternatives to the Ecevit government. [REDACTED]

25X1

28 February 1979

SECRET

Strains Within Government

Discontent has also reached the lower levels of Ecevit's Republican Peoples Party (RPP), where the defection of only two deputies could bring down the government. One deputy resigned temporarily and almost caused the government to fall during the opposition's censure motion in early January; he was quickly induced to return. Others, particularly on the left, are continuing to gripe about martial law, while some of the more centrist members have been in touch with opposition deputies to discuss possibilities for a new governing coalition. Some party deputies, moreover, have balked at part of Ecevit's tax reform package. [REDACTED]

25X1

All of this could still spell trouble for Ecevit as he confronts other approaching parliamentary tests. It also augurs a rather contentious RPP convention this spring as the various party factions seek to increase their influence and prerogatives at the expense of Ecevit and his loyalists. Ecevit and his faction will almost certainly emerge from the convention significantly weakened. [REDACTED]

Opposition "Smells Blood"

Sensing that the failing economy and continuing violence have increased the government's vulnerability, the opposition is moving on all fronts to bring Ecevit down. Justice Party leader Demirel has led the assault with a highly partisan verbal barrage against nearly all facets of Ecevit's policies including his handling of martial law. In Parliament, opposition parties apparently

28 February 1979

SECRET

SECRET

have managed to pigeonhole the government's tax reform package. The Justice Party opposed martial law extension, and the budget debate was fierce. [REDACTED]

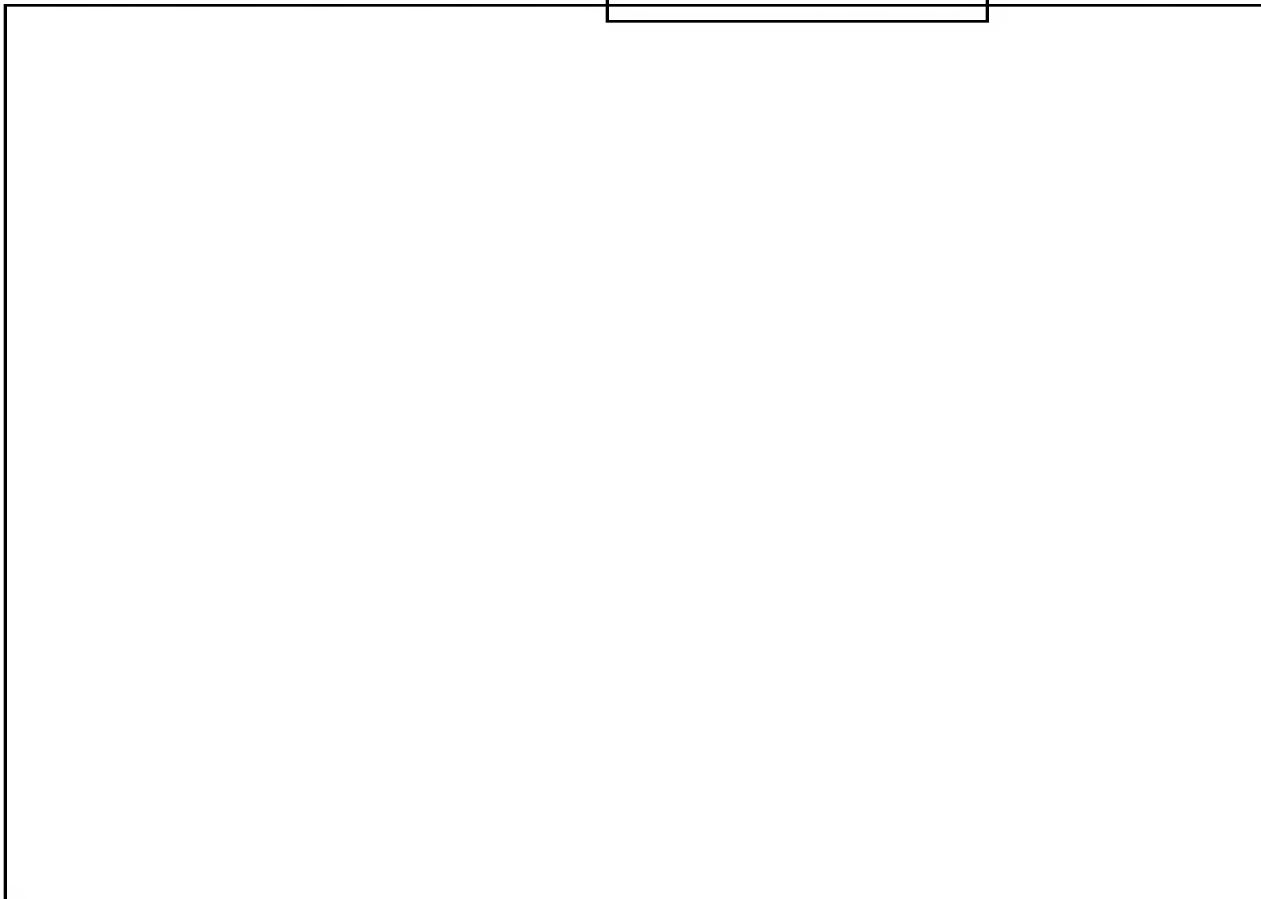
25X1

Demirel, moreover, recently rebuffed President Koruturk's attempts to bring the major parties together in order to cope with the country's problems. Demirel offered his Justice Party's 11-point program as a basis for cooperation--points the government cannot accept. All the while, the opposition has spared no effort to entice government deputies to defect. [REDACTED]

25X1

Demirel's main objective in opposing Ecevit prior to the budget vote was to secure enough crossovers to form a Justice-led government. Although he is not apt to cease his efforts to bring Ecevit down, Demirel will now concentrate as much on establishing a record on which to run in the next election. [REDACTED]

25X1



28 February 1979

SECRET


25X1

SECRET




25X1


Outlook

The outlook for the Ecevit government in the coming months remains bleak, and prospects that Turkey will succeed in solving its mounting problems without some deeper political involvement by the military are diminishing. The faltering economy and persistent political violence have worn down the government and emboldened the opposition. The mere hope of an external effort to shore up Turkey's economy will not be of much help to the government. Ecevit's razor-thin majority and the backstage maneuvering by some government and opposition deputies make it impossible for him to take anything for granted. 

25X1

Passage of the budget and approval of martial law extension has bought the government some time but the additional austerity measures needed to keep the economy afloat will again test the government's cohesiveness and the tolerance of the public, whose willingness to accept privations has been striking but whose patience may be wearing thin. As more members of the Turkish elite become victims of political violence, pressures are likely to build on the government to clamp down, and Ecevit will face an unpalatable and perhaps impossible choice: if he yields to the pressure, his party's left wing might bolt; if he does not, the military might take matters into its own hands. Under such circumstances, Ecevit might choose to step down in favor of some type of national unity government. 

25X1

Ecevit may now hold on until the October senatorial election, leaving the electorate to decide the fate of his government. A victory at the polls or at least the avoidance of defeat would give his government a new lease on life, but such a result would depend on improved economic prospects and a tolerable level of political violence, neither of which seems likely. 

25X1

28 February 1979

SECRET

SECRET

Barring military intervention, the fall of Ecevit could lead to the emergence of an even weaker successor. Involvement of the military leadership in selecting a successor could, in the short term, produce a government more able and willing to cope with Turkey's problems. But this would compromise the democratic process and, in the longer term, might simply aggravate tensions within and among political, social, and economic groups when the military withdraws from politics.

25X1

25X1

28 February 1979

SECRET

Secret

Secret